

Message Text

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ORIGIN ARA-10

INFO OCT-01 EA-07 ISO-00 SP-02 L-03 H-02 AID-05 CIAE-00

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APPROVED BY ARA-EP:JFKING

EA/J-MR. SMITH(INFO)

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R 230154Z OCT 75

FM SECSTATE WASHDC

TO AMEMBASSY LIMA

INFO AMEMBASSY TOKYO

C O N F I D E N T I A L STATE 251921

E.O. 11652;

TAGS: EIND, JA, PE

SUBJECT: MARCONA - DISCUSSION WITH JAPANESE DCM

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1. ON OCTOBER 21 ARA DEP. ASS'T SECY FISHLOW MET WITH JAPANESE EMBASSY DCM NISHIDA TO REVIEW LATEST DEVELOPMENTS IN THE MARCONA CASE.

2. FISHLOW REVIEWED DEVELOPMENTS IN THE CASE INCLUDING GOP ACTIONS BREAKING OFF TALKS WITH THE COMPANY, DE LA FLOR'S REQUEST FOR GOVERNMENT-TO-GOVERNMENT NEGOTIATIONS, AND THE DECISION TO SEND HIM TO LIMA. HE ALSO DESCRIBED THE LATEST INFORMATION WE HAVE VIA MARCONA ABOUT POSSIBLE INTENTION OF JAPANESE STEEL COMPANIES TO RESUME PURCHASES OF IRON ORE FROM PERU.

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3. NISHIDA WAS VERY WELL INFORMED ON DEVELOPMENTS AND

HAD CLEARLY BEEN FOLLOWING THE CASE. HE ASSURED FISHLOW THAT THE GOJ HAS NOT CHANGED ITS POSITION INSPITE OF GOP EFFORTS TO GET GOVERNMENT TO INFLUENCE STEEL COMPANIES TO RESUME ORE PURCHASES FROM PERU. IN DISCUSSING GOJ WILLINGNESS TO BE HELPFUL HE QUOTED FROM A PAPER PREPARED FOR USE BY JAPANESE FON MIN DURING RECENT UNGA MEETING IN THE EVENT THAT PERU FON MIN

DE LA FLOR HAD REQUESTED GOJ HELP. ALTHOUGH THE TWO NEVER DISCUSSED THE ISSUE JAPANESE FON MIN WAS PREPARED TO TELL DE LA FLOR THAT GOJ WOULD NOT INFLUENCE JAPANESE MILLS TO ABROGATE THEIR VALID CONTRACTS WITH MARCONA.

4. NISHIDA WAS SKEPTICAL OF REPORTS THAT TWO JAPANESE MILLS ARE READY TO START PURCHASING FROM HIERROPERU. HE POINTED OUT THAT JAPANESE STEEL PRODUCTION IS STILL AT A DEPRESSED LEVEL AND THAT PERU ACCOUNTED FOR A VERY SMALL PERCENTAGE OF OVERALL JAPANESE ORE IMPORTS. HE SAID THAT UNLESS THERE WERE SOME SPECIAL QUALITATIVE ADVANTAGES TO PERUVIAN ORE JAPANESE MILLS COULD EASILY INCREASE THEIR PURCHASES FROM OTHER SUPPLIERS, PARTICULARLY AUSTRALIA, TO MEET THEIR NEEDS WITHOUT BUYING FROM HIERROPERU.

5. FISHLOW SAID THAT WE ARE GRATEFUL FOR THE SUPPORT THE GOJ HAS GIVEN US IN THIS MATTER. HE POINTED OUT THAT A LARGE SCALE RESUMPTION OF ORE PURCHASES BY JAPAN OR OTHER BUYERS WOULD MAKE SETTLEMENT MUCH MORE DIFFICULT.

6. NISHIDA ASSURED FISHLOW THAT THE GOJ WOULD CONTINUE TO SUPPORT OUR EFFORTS TO SETTLE THE DISPUTE BY RESISTING GOP EFFORTS TO GET THE JAPANESE COMPANIES TO RESUME PURCHASES. HE SUGGESTED THAT FISHLOW CONTACT THE JAPANESE AMBASSADOR IN LIMA TO FILL HIM IN ON THE RESULTS OF HIS TALKS WITH THE GOP AND SAID HE WOULD REPORT THE CONVERSATION TO TOKYO. INGERSOLL

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